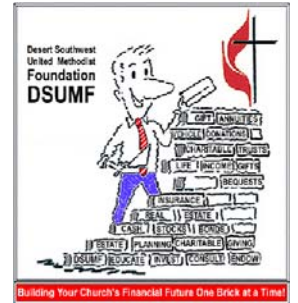


DSUMF Board of Directors



Each Member of the Board of Directors of the Desert Southwest United Methodist Foundation (DSUMF) has a very important role as fiduciary and overseer of all Foundation activities. The Board of Directors meets five times per year (3 “in-person” meetings, 2 “teleconference” meetings) in the months of February, April, June, August, and October. With the exception of the June meeting, which is always held on the Friday of Annual Conference, all other meetings are scheduled for the last Friday of the months that are listed. Scheduling conflicts occur, however, and sometimes the meeting dates and times are changed.

Each new Board member is provided with a DSUMF Board Manual and new Board Member Orientations are conducted when warranted. The Table of Contents of the DSUMF Board Manual follows:

I. Mission Statement

II. Basic Responsibilities of Nonprofit Boards

III. Committee “Job Descriptions”

A. The Grants and Scholarship Committee

1. Endowment Funds
2. Scholarship Application Procedures

B. The Investment Committee

1. Investment Guidelines
2. Asset Manager Performance Evaluation

C. Executive Committee

D. The Finance Committee

IV. Board List

V. Official Documents

VI. Articles of Incorporation

VII. Bylaws

VIII. Summary of Board Members’ Liability Insurance

IX. Annual Calendar or Program Schedule

X. Resume of the Chief Executive

XI. Service Programs

A. Educational Program

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C. Consulting Program

XII. Section for Board/Committee Minutes

XIII. Audits & Monthly Financial Statements

Some, but not all of the contents of the Board Manual are provided below. If you or someone you know have skills specific to the mission of the Foundation and are interested in serving on the DSUMF's no-nonsense, hard-working Board of Directors, please contact Dr. Rick Brown via E-mail at rick@dsumf.org or by phone at 602-266-6956 Ext. 203.

II. Basic Responsibilities of Nonprofit Boards

1. Determine the organization's mission and purposes.
2. Select the executive.
3. Support the executive and review his or her performance.
4. Ensure effective organizational planning.
5. Ensure adequate resources.
6. See that resources are managed effectively.
7. Determine and monitor the organization's programs and services.
8. Enhance the organization's public image.
9. Serve as a court of appeal.
10. Assess Board Performance.

Source: ***Ten Basic Responsibilities of Nonprofit Boards***, by Richard T. Ingram (Washington, DC: National Center for Nonprofit Boards, 1988 22 pages).

III. Committee “Job Descriptions”

A review of the bylaws of the Desert Southwest United Methodist Foundation (DSUMF) as they relate to the establishment and operation of Committees will indicate little or no information about committees other than the fact that the Board of Directors has the right to set up standing committees from time to time and to delegate powers and duties to carry out the purposes and activities of the Foundation.

In a thorough review of the minutes of the Foundation’s meetings since its inaugural meeting on October 30, 1986, there is no reference to the formal creation of any committee at any time from October 30, 1986 to July of 1996. Ironically, however, there are records of reports made to the Board of Directors from as many as seven different committees including:

1. Fund Development Committee
2. Investment Committee
3. Grants and Scholarships Committee
4. Audit Committee
5. Public Relations Committee
6. Publicity Committee, and
7. Congregational Development Committee.

A. The Grants and Scholarships Committee: From the early 1990’s to the present, one group of Directors met regularly to carry out their responsibilities. This committee was the Grants and Scholarship Committee. This committee, with support of the full Board of Directors, has distributed hundreds of thousands of dollars to students and to other agencies of the church in the form of Scholarships and Grants respectively.

1. The DSUMF manages endowment funds. Most of these funds were actually established before there was a Desert Southwest Annual Conference. The corpus of these gifts amount to more than \$1 million dollars. Due to DSUMF’s investment strategy and administration of these gifts, close to \$1 million dollars were earned and distributed from these funds, without invading principal during the decade of the 1990’s.
2. Several of the endowment funds mentioned above involve endowed scholarship funds. When funds are available, qualifying students who have completed the application process, receive scholarships, which generally amount to \$1,000. A student can apply for funds annually during their years in school. Scholarship application deadlines are June 30 and December 31 of every year. Distributions are timed to roughly coincide with the Fall and Spring Semesters respectively. For a scholarship application, or to determine if you are eligible to complete an application, contact Lucille Sterling at Lucille@dsumf.org or call the Foundation at 266-6956.

B. The Investment Committee: Since the beginning of 1999, when the Foundation’s portfolio grew substantially due to new Agency Deposits, the Investment Committee has done extraordinary work. The Committee has revised the Investment Guidelines, changed brokerage firms, and employed new and additional Asset Managers. All of these changes were the result of many in-person and teleconference meetings conducted from May through December of 1999. To this day, with assets ranging from \$7 to \$10 million dollars, the Investment Committee remains very active and meets, on

average, 10 times per year.

In the Fall of 1998, the Board of Directors officially recognized the existence of both the Grants and Scholarship Committee as well as the Investment Committee via specific reference in the minutes of the meeting.

In the same meeting during the Fall of 1998, it was further recommended and unanimously approved by the Board of Directors that in order to conduct normal Foundation activities on a regular, on-going, consistent basis, and in a manner that provides for a complete and accurate flow of information in all directions, the formal creation of both an Executive Committee and a Finance Committee.

C. The Executive Committee: The Executive Committee's authority and responsibilities are clearly defined. Most organizations place specific "except that" phrases in their bylaws to limit the powers of the Executive Committee. The Executive Committee of the DSUMF is made up of the Officers of the Board as well as the Chairs of the various Committees.

The DSUMF Executive Committee ***does not have the authority*** to do any of the following:

- Amend the articles or bylaws;
- Dissolve the corporation;
- Dismiss or elect new board members or officers;
- Hire or fire the chief executive;
- Enter into major contracts or sue another entity;
- Change a board-approved budget; and
- Adopt or eliminate major programs.

Each organization must decide how much authority to grant its executive committee. There is no rule that fits all nonprofits, except that the full board must decide what is best for the organization. As with all standing committees, an Executive Committee is created to help the board do its work better, not to become more involved in management.

1. Executive Committee Membership:

- A. President**
- B. Vice President**
- C. Treasurer (Chair of Finance Committee)**
- D. Secretary**
- E. Chair of Grants & Scholarship Committee**
- F. Chair of Investment Committee**

2. Responsibilities

The charge described earlier generally focused on what the executive committee may *not* do, but even the most limited role leaves a lot of room for leadership on the part of the executive committee.

A. Policy Development. Major policy decisions are made by formal, full board action, but the executive committee is often the best place for a chief executive or committee chairperson to bring up an idea involving significant change. The group is smaller and often the dialogue is more candid. When proposed, policies are discussed first at this

level, the full board receives recommendations that are better developed, and some of the board members are sufficiently informed to improve the debate at the board level.

There are three main reasons for an executive committee to take action on a policy rather than simply discussing an issue and sending it to the full board:

- The policy is consistent with the official charge of the executive committee.
- The policy responds to a specific directive given to the executive committee by board resolution.
- The chairperson determines that time constraints require the committee to act.

B. Coordination of Other Board Committees: The executive committee, more than any other group, can see the bigger picture and can process issues in the proper context. If standing committee chairpersons serve on the executive committee, the group can help sort out committee assignments to avoid duplication or competition. Standing committee chairpersons gain the ability to understand the big picture and can interpret it to their own committees and how their assignments fit in with the work of others. While the chairperson and the chief executive share responsibility for helping the various committees to function well, the group dialogue within the executive committee helps all board leaders buy into the direction in which the organization is heading.

- 3. Board Evaluation:** Unless provided for by other means, it is frequently the task of the Executive Committee to oversee evaluation of the two most critical elements of organizational effectiveness: the board and its chief executive. The Executive Committee must be constantly attuned to how it is helping the board pursue excellence in governance. Unless the Executive Committee is violating its trust in the eyes of other board members, few will complain. The officers and Executive Committee need to ensure that periodic feedback on the board's work is sought and acted upon. Many times the chairperson needs assistance in changing bad habits of the board. His or her colleagues on the executive committee are in the best position to encourage constructive board development practices, including evaluation and training.
- 4. Monitoring, Nurturing, and Evaluating the Chief Executive:** Few chief executives receive either the ongoing nurturing or the comprehensive evaluations they deserve. The members of the Executive Committee should take the time to observe how their chief executive is doing, personally and professionally. They can review compensation and benefits issues, serve as a sounding board for sensitive staff issues, and can often tell when the chief executive needs to take time off. This nurturing role should not be undervalued. Without a good evaluation process based on mutually agreed-upon performance goals, chief executives find themselves trying to read between the lines. They cannot perform at their best if they are uncertain as to their standing with the board. Some try to read and respond to individual board members' views rather than holding themselves accountable to the "collective voice" the board should provide. The Executive Committee is almost always the best group to work out written performance expectations and to provide constructive feedback to the chief executive at least once a year. Every second or third year, the executive committee might oversee a more comprehensive evaluation that includes structured input from all board members. Large boards, particularly, appreciate the role of the Executive Committee in working with the chief executive. It is rare that the full board can provide (other than through thoughtful individual acts of concern and kindness)

wise counsel, timely warnings, good direction, and fair evaluation for the chief executive. When things are going well between the Executive Committee and the chief executive, everyone benefits. The DSUMF Executive Director receives comprehensive, annual evaluations.

- 5. Strategic Planning:** While serious, months-long strategic planning efforts are usually best carried out by staff, with the oversight of a special planning committee or task force of interested and capable board members, many organizations depend on the executive committee for these efforts. Strategic planning is a logical task for the committee, with its smaller size and in-depth knowledge of the organization. Major recommendations flowing from this planning are, of course, presented to the full board for action.
- 6. Financial Oversight:** The Finance Committee is a standing committee for finance that functions very well. Executive Committees, however, are good at integrating financial matters into the full range of organizational activities. So it happens that many executive committee meetings end up in money-related discussions. The board may authorize a major action and leave it to the Executive Committee to work out the details. Other financial matters that might be handled well by the Executive Committee include insurance contracts and approval of salary guidelines.
- 7. Audit:** Only in small organizations would the Executive Committee select an external auditor, give the auditor directions, and debrief the auditor when he or she is finished. In the interest of objectivity, a separate audit committee is preferable. Nevertheless, it is not uncommon for executive committees to fulfill this role. Given the relatively small size of the DSUMF, the Executive Committee does fulfill this role.
- 8. Program Oversight:** Particularly in small organizations with not many other standing committees, the Executive Committee usually spends time overseeing program development. If there is a standing program committee, the role in program oversight is different. In that case, the Executive Committee should be sure that programs and services are being planned, implemented, and evaluated according to board policies consistent with the mission of the organization and current financial conditions. Because program information often flows from staff that is anxious to report to and to get feedback from board members, Executive Committee meetings inevitably include program updates and discussions.
- 9. Executive Search:** Unless a separate search committee is called for, the Executive Committee usually assumes the lead in replacing the chief executive. The committee should be sure to involve all members of the board in defining the type of person being sought, developing a list of sources for nominations, agreeing on a salary range, etc. When the candidate is presented to the full board for approval, it is important that all board members feel ownership in the process as well as the recommendation.
- 10. Values and Ethics.** Values and ethics in business have become increasingly important. Boards should address and adopt policies relating to conflicts of interest, codes of ethics, guidelines on sexual harassment, and rules of good practice in marketing and fundraising. Formulating these policies requires more than staff recommendations because the policies must reflect the values of board members. The Executive Committee is usually the best forum for developing recommendations for board approval.

D. The Finance Committee: The Finance Committee serves as the fiscal conscience of the Board. The committee recommends financial policies that protect the Foundation's assets, reviews and recommends the annual budget to the full board for approval and monitors financial reports presented by the staff. In some cases, the Finance Committee also oversees the annual audit and recommends policies that govern the management of investments.

The Board Treasurer chairs the DSUMF Finance Committee. Together with staff, the Committee and the Treasurer reviews financial information for consistency, accuracy, and completeness in light of the Foundation's Mission. The Finance Committee has six major tasks:

1. Seeing that accurate and complete financial records are maintained;
2. Seeing that accurate, timely and meaningful financial statements are prepared and presented to the Board;
3. Budgeting and anticipating problems;
4. Safeguarding the Foundation's assets;
5. Complying with the federal, state and other reporting requirements; and
6. Helping the full Board understand the organization's finances.

